



**USAID**  
FROM THE AMERICAN PEOPLE

# SERBIA AND MONTENEGRO

PROGRAM NEWS BULLETIN

## USAID MISSION TO SERBIA AND MONTENEGRO



*USAID's development assistance touches the lives of thousands of Serbian and Montenegrin people each day. This Program News Bulletin focuses on the theme of tangible project results, profiling some of the many ways in which the American people's support makes a positive difference to individuals, families, and vulnerable groups throughout each republic.*

# FIRST REGIONAL CENTER FOR REPRODUCTIVE HEALTH OPENS IN BERANE

**U**SAID and its partner CHF recently celebrated the opening of a new Regional Center for Reproductive Health in Berane, located in northern Montenegro. The center was built to replace the Women's Dispensary at the Berane Health Center and provides primary health care services to citizens from four municipalities.

Construction, equipping, and furnishing the Center, the first of its kind in this region, cost nearly \$500,000 and represents USAID's largest investment to date in Montenegro's health sector. Montenegro's Ministry of Health also contributed to the project, providing training to the Center's care providers.

The patient-centered approach of the program, complemented by modern technology, is having an enormous impact on the lives of people in this resource-poor region. The facility's cutting-edge equipment now includes the first mammography device,

3-D ultrasound, and bone-density scanner in northern Montenegro.

To emphasize the importance of preventive medicine in health care, CHF and its partners also launched a multi-faceted public information and education program addressing existing problems related to pre-adolescent and adolescent gynecology, reproductive health and family planning, safe sex practices, and HIV prevention and treatment.

Gynecologist and Director of the Regional Center Svetlana Balac noted that the Center's new equipment enables early diagnosis, monitoring, and quicker treatment. According to her, of the approximately 600 women who have been examined so far, three are suspected of having invasive cancer, eight are in need of surgical interventions, and six will be monitored closely for future health changes. "These numbers represent human lives," said Balac. According to her, the new health center



*Regional Women's Health Center Director Svetlana Balac describes uses of the first mammography machine in northern Montenegro.*

provides equipment, space, and staff necessary to watch over those lives and make a positive difference to the health of women in the region. ■

## REBUILDING TRADITIONAL INDUSTRY AND RESTORING ECONOMIC OPPORTUNITY

# VILLAGERS REJUVENATE LOCAL FOOD PRODUCTION IN SOUTHWESTERN MONTENEGRO

**T**he Montenegrin region of Katunska Nahija, with the villages Cevo, Njegusi, and Tresnjevo, is well known for its traditional production of ham, dried meat, and cheese. Villagers from the region used to provide meat-drying services for the state-owned Trgopromet and Montena companies, but during the '90s demand dropped and organized sales ceased. This resulted in a drastic decrease in villagers' incomes, while the lack of new local investment hindered the villagers from improving their meat-drying facilities to

remain competitive in larger markets. In the village of Cevo, this vicious cycle brought the industry to the brink of extinction. Inspections began to reveal substandard technical and hygienic conditions that threatened to close all drying facilities in the area—closings that would leave 21 families without any income.

These 21 families reacted by forming the Association of Traditional Meat Producers and formulating a plan to renovate and share a central processing facility for their

products. The association applied for assistance from USAID's Community Revitalization through Democratic Action (CRDA) program, which pledged more than \$41,000 to the association's efforts through International Relief and Development (IRD). The association's members contributed more than \$23,000 in cash and in-kind contributions, while the Cetinje municipality offered a physical location. The association's facility provides a central, sanitary facility for processing, smoking, and packaging meat. In addition, association



members began upgrading their own premises used for drying meats, in anticipation of obtaining the permits necessary to restart dried-meat production.

The association's efforts resulted in several positive results, one of which was a supply agreement between members and the Carine supermarket chain. This means a great deal to people like Miodrag Nikolic, who turned to the traditional work of producing milk and dried meat after losing his job in a local factory. These were the only sources of income for his eight family mem-

bers, all of whom share one household.

Nikolic completed the necessary upgrades and obtained the permit to use his drying facility—which can produce 4,000 pieces of meat annually. He expects to earn approximately \$12,000 annually from supplying the supermarket and plans to double his meat-drying capacity in the future. "This project is the best thing that could happen to us," said Nikolic of the association's work with the American people through USAID. "This is the basis for our future prosperity." ■



*USAID, local residents, and the Cetinje municipality partnered to restore local economic opportunity by renovating this meat-production facility.*

SEDP HELPS BUSINESSES DEVELOP NEW PRODUCTS AND IMPROVE COMPETITIVENESS

# FIRST LUXURY CHOCOLATE FROM SERBIA ENTERS WORLD MARKETS



*Adoré Chocolat blends high quality chocolate with exotic flavors, like organic Serbian raspberries.*

In December 2005 Belgrade chocolate maker Mirjana Kostic formally launched Adoré Chocolat, Serbia's first luxury chocolate brand. What started as a small business is now ready to compete in world markets.

Kostic, a lawyer, left her profession in 2002 to pursue her dream of creating original chocolates. She enrolled at the Belgian Callebaut Institute and studied both the French and Belgian chocolate traditions. Her first business endeavor, Cokolada, did well, but with increased competition from imports, Kostic realized she had to upgrade her product line to survive. She turned to the USAID-funded Serbia Enterprise

Development Project (SEDP) for help.

SEDP implementer Booz Allen Hamilton worked with Kostic to develop original products that her competition didn't have. An organic ganache made from local raspberries quickly became the signature product. SEDP then helped Kostic assemble a brand packaging team. Led by renowned Serbian designer Vuk Loncarevic, the branding team advised Kostic on how to present her chocolates to domestic and international customers. An SEDP matching grant helped Kostic develop an entirely new look and concept for her business, which she renamed Adoré Chocolat.

Adoré Chocolat specializes in enhancing high quality chocolate with exotic flavors and textures. Ingredients include wild blueberries, organic Willamette raspberries from Serbia, Uzo from Greece, smoked chipotle chili peppers from Mexico, crushed peppercorns, green tea—even potato chips. All chocolates are made by hand from ingredients personally selected by Kostic.

Kostic debuted prototypes for Adoré at New York's Fancy Food Show in July 2005, receiving orders from as far as Japan. At an official product launch in Serbia in December Kostic formally presented Adoré's new look, packaging, and products. The event included a brand packaging workshop attended by over 100 design students.

Since the Adoré brand launch, the company has been running at full capacity, with expanded production shifts to keep up with demand. Kostic is planning a return to the Fancy Food Show in 2006, with a refined business plan and a new export line.

Adoré chocolates are available exclusively at the company's store at the Millennium Center in Belgrade. They will soon be available at Adoré's Web site: [www.cokolada.co.yu](http://www.cokolada.co.yu). ■



*The new company's logo and brand were developed with the help of a team led by Serbian designer Vuk Loncarevic.*

# TIMOK CLUB HELPS YOUTH START BUSINESSES

The United Nations Economic Commission for Europe estimates that youth unemployment in Serbia exceeds 50 percent. The Timok Club, an NGO established in southeastern Serbia in 1997, recently began the "It's Important to Start" project to address this statistic in Serbia's Timok Krajina region. The project provides training and education to help unemployed youth increase their civic participation and contribute to local economic growth by starting their own businesses.

With support from organizations including USAID-funded partner Freedom House, the Timok Club's project provides guidance through a series of 16 workshops on civic activism, democratic participation, and strategic business start-ups. Presently, the Timok Club is distributing 50 start-up small business project models to beneficiaries in four southeastern Serbia municipalities: Knjazevac, Zajecar, Sokobanja and Kladovo.

Since October 2005, 146 youth have participated in the Timok Club's training sessions and 196 youth received technical and consulting assistance with business start-up ideas. By April 2006 the "It's Important to Start" project will have provided similar services to an additional 1,100 young people.

Two of those young people are Veselin



A poster urging youth to "be different" by increasing their community involvement and entrepreneurial skills through the "It's Important to Start" project.

Rakic and Bojan Nikolic, both residents of Sokobanja. After participating in the project's workshops, they decided to establish a company that provides surveillance systems. They contacted a local consultant to help them register and establish bank accounts for their company, which they named CESEC. The two are now finalizing

a Web site and other promotional materials. During CESEC's official registration ceremony on January 24, Rakic said, "This is one of the most important days in my life. Only two months ago, I didn't have an idea of what to do. Now I have an opportunity."

Like many of their peers, Rakic and Nikolic were drawn to the project by two prospects: Greater economic security through self-employment and an increased voice in community decision-making. The "It's Important to Start" project responds by helping participants learn how to interact with their local government agencies and representatives, start their own businesses, and actively seek employment.

Local and national media helped the Timok Club receive higher-than-expected registrations for its training sessions. The overwhelming response indicated the strong desire youth have to influence their economic future. Even after its training sessions have ended the Timok Club will continue to assist the region's youth through resources on its Web site. Two of the project's local partners, the Regional Agency for Small to Medium Enterprises and the Regional Chamber of Commerce, will continue to provide basic technical assistance to young people interested in starting their own businesses.

## NEWS IN BRIEF

### Public Budget Hearing Helps High-School Student Establish Youth Club

USAID's Serbian Local Government Reform Program (SLGRP), implemented by Development Alternatives International (DAI), introduced the concept of municipal public budget hearings as a tool to encourage citizens' active participation in the municipal budgeting process. The western Serbian municipality of Uzice held its first public budget hearing in late 2004, giving

citizens the opportunity to voice their opinions on the budget process and propose re-allocations of municipal resources.

The youngest speaker at this budget hearing was Bogdan Drncic, a 16-year-old Uzice resident and member of his high school parliament. Drncic asked municipal officials to help establish a community youth club, a center dedicated to helping Uzice's youth become active members of their community. Municipal authorities responded positively to Drncic's suggestion. Seeing a need for a dedicated youth-development center in Uzice, officials included approximately \$85,000 in their 2005 budget to develop a community youth club. The municipality has since designated space for the club, has begun renovations, and has started purchasing furnishings and equipment.

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### Local Partnership Assists People with Special Needs

A recent social services project in central Serbia's Macva district saw three local organizations unite to assist residents with special needs. A regional association of the blind, along with the district's association of paraplegics and local NGO "I Can Do Anything," planned and conducted a USAID-supported project to raise public awareness about the challenges faced by residents with disabilities. The project also provided specialized computer courses and art and drama workshops to residents with special needs. According to organizers, the project did much to eliminate local prejudices against disabled residents.

# OPPORTUNITY BANK HELPS STRENGTHEN MONTENEGRO'S PRIVATE SECTOR

**M**ali Medo is Montenegro's only children's clothing manufacturing firm. What began as a husband-and-wife entrepreneurial startup has grown considerably. Over the past few years, Mali Medo has transformed from a domestic operation that employed six people into a regional exporter with 47 employees.

The company is a prime example of the type of business that makes up Montenegro's most vital sector. Small and medium enterprises (SMEs) constitute the largest employer base in many developing countries. Encouraging the start-up and growth of these businesses is critical to stimulating economic activity and reducing unemployment. But, all too often, entrepreneurs have no access to the credit they need to expand their ventures.

Organizations like Opportunity Bank Montenegro fill a wide gap between traditional lending institutions and the country's SMEs. USAID helped found Opportunity Bank in 2002 to further job creation and help residents attain a higher quality of life. Since its inception, Opportunity Bank has served nearly 80,000 customers and disbursed more than \$88 million in loans. The SME lender has designed its services to accommodate the needs of borrowers by providing many transaction services free of charge. It calculates that it has created thousands of jobs.

According to Opportunity Bank, SME lenders must focus on building strong partnerships with local entrepreneurs. They



*USAID-sponsored loans helped Mali Medo grow into an exporting organization that employs 47 people.*

found one such partnership with the Medojevics, the husband-and-wife entrepreneurs who opened Mali Medo. The company's first loan of 5,000 euro was repaid on time, paving the way to a second loan of 30,000 euro. After successfully closing this loan, Mali Medo was approved for a third loan of 100,000 euro.

The capital has helped Mali Medo expand its production capacity and market penetration. Formerly a domestic clothing supplier, the firm has started exports to Bosnia. Negotiations to expand exports to neighboring Croatia are currently underway.

According to the Medojevic family, Opportunity Bank is helping entrepreneurs create jobs in an economy that sorely needs

new employment opportunities. And, it's around to stay. As three years of USAID support comes to an end, the bank is able to stand on its own—and potentially expand its operations. The bank now has 10 branches throughout Montenegro and increasingly attracts interest from other financial institutions interested in establishing or expanding their credit lines in the country.

Currently, Opportunity Bank is finalizing details for a six-million-euro line of credit that will help SMEs grow in Montenegro. Its work with local start-up businesses like Mali Medo will continue to generate economic activity and job creation, which are important returns on the American people's investment in Montenegro through USAID. ■

## NEWS IN BRIEF

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### Serbia's Savings and Loan Brings Jobs, Opportunity

In Serbia, USAID's partner Opportunity International (OI) has established a growing

micro-financing network serving markets throughout Serbia that have inadequate access to bank credit. The network, registered as a savings and loan organization, is designed to fill a gap between traditional banks and the many entrepreneurs in need of start-up capital.

Miodrag Cvetkovic is one of OI's clients. To supplement an income that was insufficient for his family's needs, he decided to start a business producing metal parts for ovens,

stoves, and other household goods. In 2005, Cvetkovic received nearly \$12,000 in credit from OI's USAID-funded savings and loan. He used the capital to purchase a new lathe and additional raw materials for production. With the new tool and materials, Cvetkovic's production capacity increased by 20% and he was much more efficient. He gained new customers and experienced a 20% increase in sales. A total of 24 employees now benefit from his growing business.



# HELPING FAMILIES BUILD ON SMALL BUSINESS OPPORTUNITY

After losing their jobs at a state-owned company in the Montenegrin coastal city of Bar, Julija Skretovic and her husband Halil—as well as their 19-year-old unemployed son—faced serious economic hardship. Halil's small farm produce and Julija's sewing skills became the family's only sources of income. However, Julija's very old sewing machine frequently broke down, requiring costly repairs that swallowed a large portion of the family's income.

A natural-born entrepreneur, Julija saw an excellent business opportunity in the production of bridal dowry products. These products, always in high demand, included tablecloths, bed-sheets, curtains, and other linens. Julija felt that with good equipment, she could earn a decent living for her family. She attempted to secure a commercial loan but her application was rejected because she was not able to meet the bank's collateral requirements.

Frustrated by her lack of prospects, Julija was on the verge of leaving the country to seek employment abroad when she learned about micro-grant support provided by USAID partner International Relief and Development (IRD) in southern Montenegro. With the support of her local Community Action Committee, Julija prepared a business plan and applied for assistance. IRD approved the request and provided her with two brand-new sewing machines and a steam iron worth nearly \$3,000.

The Skretovics no longer think about going abroad. Julija's business is so successful that she recently hired Fatima Pecurica, another economically vulnerable woman from a family of five, as her full-time employee. Together the women earn an average monthly profit of \$500, providing their families with economic security they never thought they would find. "Just a few months ago we could only dream about earning so much money," said Pecurica.



*USAID's entrepreneurial development assistance helps people like Julija Skretovic provide for their families, raise their standard of living, and contribute to local economic growth.*

Julija has returned some of that money to her community in thanks for its support. She used her skills and new equipment to make 85 uniforms for a local elementary school, a contribution valued at more than \$1,000. ■

## WORKING TOGETHER TO BUILD BUSINESSES AND EMPLOYMENT

# USAID MICRO-GRANTS HELP VULNERABLE RESIDENTS

In late 2004 a special project "Start Your Own Business" was launched as part of the Community Revitalization through Democratic Action (CRDA) program, implemented by USAID partner ACIDI/VOCA in central Serbia. The project provided up to \$2,800 in grant money to unemployed local residents, refugees, and internally displaced people in eight municipalities with the highest unemployment rates: Kragujevac, Kraljevo, Smederevo, Smederevska Palanka, Cacak, Jagodina, Svilajnac, and Arandelovac. To receive a grant, applicants needed to have a registered business and provide 25% of the project value.

At the fourth International Entrepreneurship Fair "Business Bases" held in Belgrade from November 30 to

December 3, 2005, among the 270 exhibitors were the owners of 23 small businesses from the Central Serbian region who benefited from this project, supported by the American people through USAID. One of the exhibitors was the owner of the Etno Bazar shop from the Cacak



*Strizovic works on woodcrafts at his shop in central Serbia's town of Cacak.*

municipality, Milutin Strizovic. After six years of job searching, he decided to start his own business with the help of the CRDA program's "Start Your Own Business" project. The resulting micro-grant helped Strizovic purchase a new multifunctional carpentry machine. This, paired with his artistic handcrafting skills, helped Milutin begin to produce traditional ethnic wooden souvenirs like dishes for national cuisine, as well as wooden promotional material and wooden toys.

His products attracted great attention at the International Entrepreneurship Fair. "I went to the fair with big expectations and I can say that I am very satisfied. Two clients from Croatia were interested in the weaving looms I make. And, last week, I delivered them the first one," said Strizovic.

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His products also attracted the attention of representatives from the Serbian Chamber of Commerce and the Serbian Agency for Foreign Investments and Export Promotion. Strizovic is now in contact with the latter organization about presenting his products at a fair in Japan this year.

Through USAID, the American people have provided nearly \$2.5 million for the "Start Your Own Business" project. This assistance has helped 800 central Serbian residents, refugees, and internally displaced people start new businesses that bring income and employment to their communities. ■



Milutin Strizovic showcases his new line of wooden products at the recent International Entrepreneurship Fair in Belgrade.

## REFUGEE SMALL GRANT PROGRAM RESTORES HOPE

# BOSNIAN REFUGEE FAMILY BEGINS MAKING RESTAURANT DREAM A REALITY

Robert and Sonja Hadzic, a mixed-marriage refugee family from Trebinje, Bosnia, came to Serbia with only a few bags of their most precious personal belongings. In their quest to find jobs and better living conditions they settled in the southwestern Serbian city of Novi Pazar, where Robert found a job as a waiter and his wife as a cook in a local restaurant. While they had work, they were barely able to make ends meet.

The Hadzics dreamed of starting their own restaurant but many challenges stood in their way. They lacked the start-up capital required to purchase the required equipment, space, and inventory. Securing credit from a local bank was nearly impossible without an established business and no collateral, and the family did not meet requirements for other micro-grant programs operating in the region.

In late 2004, the Hadzics applied to a USAID-funded refugee/internally displaced person grant program operated by Mercy Corps. Thanks to their considerable experience in the food-production business and a sound business plan, they received a grant of \$2,700. They set to work pulling together their business.

To start, the couple offered breakfast and lunch deliveries for construction workers



A USAID-supported micro grant helped the Hadzics begin working toward a brighter future.

around town. They delivered 30-50 meals per day from space they rented near a local school, a location that also guaranteed them a steady customer base throughout the day. A growing stream of customers convinced Robert to quit his second job and dedicate his efforts solely on his own business, and he joined Sonja in a rigorous schedule. "By six a.m. we're already in the restaurant preparing meals. We work the entire day, usually not returning home until sometime in the evening," said Robert. The

Hadzics' son is also a part of the family business, accompanying Robert during his deliveries and staying with the couple at their workplace.

The Hadzic family plans to expand its business to meet growing demand. Their ultimate dream is opening a sit-down restaurant in Novi Pazar's center. Thanks to the American people's help through USAID, they have taken a big first step toward this goal. ■

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